

Governor

MICHAEL R. STYLER
Executive Director
JOHN R. BAZA
Division Director

Late of Utah DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210 PO Box 145801 Salt Lake City, Utah 84114-5801 801-538-5340 801-359-3940 (Fax) 801-538-7223 (TDD)

01/09/2006

PENNEY'S GEMSTONES, LLC 2400 E 30 S BOX 312 BEAVER UT 84713-0312

Re: Request for Annual Report for the Year 2005.

Dear Operators:

This letter is to remind you that annual reports are required by Rules R647-3-116 and R647-4-121 of the Division's Minerals Reclamation Program. The report forms (MR-AR) can be found on the Divisions web page www.ogm.utah.gov/minerals/mineralforms.htm. If you would like a form sent to you, please contact the division of Oil, Gas and Mining at 801-538-5291.

The reports for the referenced Mine(s) need to be completed and returned to this office by January 31, 2006.

| Mine Status | Mine Number | Mine Name | Contact Person |
|-------------|-------------|----------------------|----------------|
| ACTIVE | S270024 | LITTLE SPOT | DAVID PENNEY |
| INACTIVE | S030034 | LUCIN VARISCITE MINE | DAVID PENNEY |
| ACTIVE | S010035 | SLIVER 1-2 | DAVID PENNEY |
| ACTIVE | S270073 | PRETTY IN PINK | DAVID PENNEY |
| ACTIVE | S270093 | WHITE TIGER | DAVID PENNEY |
| ACTIVE | S010056 | LOST GEMS 1 | DAVID PENNEY |
| ACTIVE | M010057 | SLIVER 3-4 | DAVID PENNEY |
| ACTIVE | S270096 | FANTASY LAND JASPER | DAVID PENNEY |

Reports are required regardless of annual mine activity, unless you have received a written waiver or formal release from reclamation obligations from the Division.

Thank you for your cooperation and prompt attention to this matter.

Sincerely,

Susan M. White

Mine Program Coordinator
Minerals Reclamation Program

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